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LATIN AMERICA REPORT

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MAJOR OIL FIND IN ARAUCA ANNOUNCED

Bogota EL TIEMPO in Spanish 22 Aug 81 pp 1-A, 14-A

[Article by Fernando Barrero]

[Text] President Julio Cesar Turbay Ayala yesterday announced the largest oil discovery in Colombia during the past 18 years.

This find was made in the Arauca I well, which could begin normal production within 2 years, reaching a maximum of 35,000 barrels a day within 5 years.

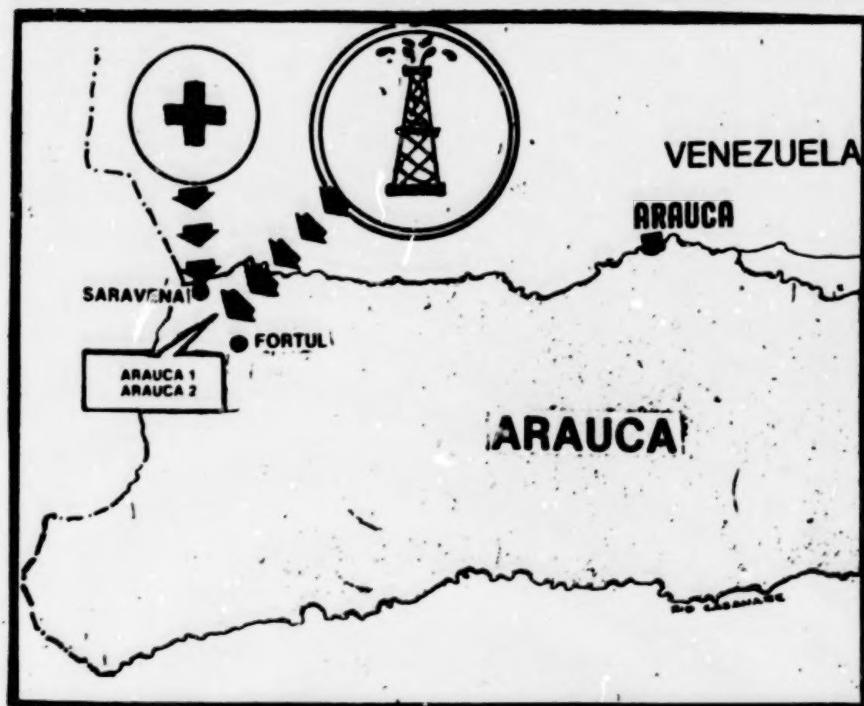
Based on Colombia's present imports of 55,300 barrels a day, including both petroleum and gasoline, this discovery is equivalent to 63.2 percent of these foreign purchases.

Along with the announcement of this major oil find came news of the approval of the increase in Colombia's present oil production. It is now 129,644 barrels a day, and may reach 133,000 barrels a day by the end of 1981.

The minister of mines and energy, Carlos Rodado Noriega, reported that the Arauca I and Arauca II wells may contain reserves of approximately 75 million barrels of petroleum, whose quality may be among the highest in the world.

Rodado Noriega calculated that the first production may come in 3 years, since the wells have to be drilled down to a depth of 20,000 feet (over 6 kilometers). He said that in another well, Arauca III, "the prospects are very good and foreign firms are optimistic."

The minister of mines and energy told EL TIEMPO that these fields justify the construction of the Llanos pipeline, which can also be used to transport 13,000 additional barrels found in Casanare.



Arauca has been a leading news story this week because of the disaster which left a large number of victims. Today it is again in the news because of the discovery of one of the largest oil-fields in Colombia, as shown in this map.

The minister stated that Colombia has a refining capacity of 205,000 barrels a day. It is now refining 155,000 barrels a day from both its national production and imported petroleum. By August 1982, the Cartagena refinery will be enlarged to a capacity of 230,000 barrels.

"Any plans for a new refinery for the Huila or the Llanos area will depend on future conditions in those fields," said the minister Rodado, adding that this discovery does not mean there will be no more price increases for fuels.

"The government is not now thinking of any immediate increases, but we have to remember that Colombia is still importing at international prices and selling at subsidized prices," said Rodado.

He reported that in 1980 the subsidy for ECOPETROL [Colombian Petroleum Enterprise] was \$19 billion, and in 1981, imports are expected to be US \$800 million. In addition, ECOPETROL last year paid \$11 billion to the National Highway Fund.

"After a phase of reasonable optimism, we are now entering a new phase, this one of positive results," summed up the minister Rodado Noriega.

The new large field, located in the jurisdiction of the municipality of Saravena, in the Arauca district, was discovered through the association contract between ECOPETROL and INTERCOL [International Petroleum (Colombia) Limited]. INTERCOL has invested \$1 billion during 325 days of continuous work.

INTERCOL stated that this production is coming from the greatest depth ever in the petroleum history of South America. It has announced that in order to develop all of the new field it will have to drill nearly 50 additional wells to depths close to 20,000 feet. This will require investments of about US \$1.2 billion, in constant dollars, over the next 5 years.

President Turbay Ayala, in closing a speech on the occasion of ECOPETROL's first 30 years, made the official announcement of this new field. He pointed out that if the other wells are successful, production may be even larger, and reported that this fully justifies the Llanos Orientales [Eastern Plains] pipeline, which could also handle crude discovered earlier in the Casanare area, which is estimated to be an additional 13,000 barrels a day.

The director of the CIIP [Petroleum Industry Information Center], Simon Martinez Emilian, said that the news about the new field is excellent; he added that from an international point of view, it will attract many additional firms.

He explained that Colombia now imports 30,600 barrels a day of petroleum and 24,700 barrels of gasoline. These figures would have been higher if there had not been an increase in our national production starting in 1980.

In addition, the rate of increase of demand declined from between 5 and 7 percent a year to 2 percent in 1980, and it is expected that until 1990 growth will hover at about 2.7 percent.

"This shows a little more discipline on the part of the Colombian people. And it necessarily reflects the increases in domestic prices," said Martinez Emilian.

He mentioned Resolution 58 which established incentives for incremental production. These incentives brought about an increase from 125,800 barrels a day in 1980 to 129,644 barrels in July of this year, and an expected production of about 133,000 barrels a day by the end of the year.

Martinez said that in order for Colombia to be able to speak in terms of self-sufficiency in petroleum, we would need to find another field similar to Arauca, and he said: "It is possible there may be one."

The Official Announcement

President Turbay's official announcement about the field was as follows.

"This week testing of the Arauca II well was completed; this well was drilled under the association contract signed by ECOPETROL and INTERCOL.

"In correlating the results of Arauca II with the positive results we got from Arauca I last year, it was found that a major oil field exists in Colombia. It is estimated that production will reach 30,000 barrels a day; if new reserves are found with the Arauca III well, this figure will be substantially higher.

"This discovery fully justifies the major project of the Llanos Orientales pipeline to the existing refineries with a capacity to process this additional domestic crude. Also, this pipeline will be used to develop the earlier discoveries of crude in Casanare; its production is estimated at 13,000 barrels a day.

"In these conditions, during the next 5-year period Colombia will be able to process this crude in its refineries, thus significantly decreasing the expected volume of imports.

"The development of the Arauca production will require that nearly 50 wells be drilled to depths close to 20,000 feet, along with investments of about \$1.2 billion during the 5-year period.

"I feel it is important to emphasize the fact that this new field is the most significant oil discovery made in Colombia during the last 18 years, and the drilling there is deeper than any done in all of South America's petroleum history. The well is located in the vicinity of Saravena in the district of Arauca. Petroleum found in the deepest interval was 34-grade petroleum, and 41-grade petroleum was found in a less deep interval. These characteristics indicate that these are top-quality hydrocarbons," Turbay concluded.

INTERCOL

INTERCOL released the following statement on this discovery.

"In May of last year in the Arauca section under the association contract between ECOPETROL and INTERCOL, INTERCOL completed the

drilling of the Arauca I well to a depth of 19,750 feet; this was a significant oil discovery for the nation. The well produced 1,500 barrels a day of excellent quality petroleum. Still, indications suggested only limited reserves, and therefore it was essential to drill other wells to better determine the extent of the reserves. In addition to this productive interval, there were also in the Arauca I well some possibilities of a lower horizon which could not be tested because of mechanical difficulties.

"Now INTERCOL, acting under the same contract, has just completed drilling the exploratory well to confirm these finds: Arauca II to a depth of 20,581 feet (over 6 kilometers). Its tests produced excellent quality petroleum in a good quantity from two intervals which were not productive in Arauca I. This makes this field the most significant discovery in Colombia in the last 18 years, and the production is at the greatest depth obtained throughout all of South America's petroleum history.

"This new well is located in the Arauca district near the town of Saravena; its drilling began on 23 September 1980, and after 325 days of continuous work and an investment of 1 billion pesos, the final objective was reached, and tests were made with the following results:

"The deepest interval produced 1,858 barrels a day of 34-grade petroleum, and the shallower interval produced 2,112 barrels a day of 41-grade petroleum.

"In order to test the oil potential of this region and to define in detail its very probable market value, INTERCOL proposes to begin drilling additional wells within the next 6 months.

"It will take about 9 months and cost \$20 million to drill each of these future wells, given the exceptional depth and the high risk of mechanical failure.

"This suggests that in a period of not less than 5 years Colombia will be able to use this crude in its refineries, thus decreasing its volume of imports.

"The development of this field will require drilling nearly 50 wells to depths close to 20,000 feet; it is estimated that it will be necessary to invest approximately \$1.2 billion in constant dollars during these 5 years in order to refine and consume this petroleum."

Production Increase

President Julio Cesar Turbay Ayala, in speaking at the ECOPETROL ceremony held in Bogota on the occasion of the 30th anniversary of the company's founding, said that if exploration continues at the 1981 rate, in a few years Colombia will be able to define its reserves clearly, and what would be even better, to decrease its energy dependence or even achieve a state of self-sufficiency in terms of energy.

Turbay said that in 1980, for the first time in the last 10 years, the rate of petroleum decline was halted and even reversed, with a 1 percent increase over the 1979 production.

In addition, during the first 7 months of 1981, the rate of increase of production came to 4.8 percent, which compares quite favorably with the 7 percent decline during the previous decade.

In 1979, also for the first time in 10 years, the reserves discovered increased, and have continued to climb in 1980. There are sufficient grounds to say that this trend will continue in 1981, because of the boost given by ECOPETROL's direct and associated exploration activities, reported the chief of state.

Turbay defended the system of associated contracts used by ECOPETROL, saying that despite the fact that the system has only been in use for a decade in Colombia, and actually only got off to a real start in 1976, when the price system for crude produced in this way was determined, it has already led to some concrete achievements.

The reserves discovered amount to over 700 million barrels of crude equivalent, 508 of which are gas reserves. In addition, last July the first commercial operation conducted under this system in the nation began in the Huila area, and as the president said, it is a source of satisfaction to note that ECOPETROL is obtaining these initial results of the association with a company formed with Colombian capital.

Turbay said that the drilling of 44 exploratory and stratigraphic wells in 1980 has brought the nation closer to the goals assigned in the PIN [National Integration Plan] and in 1981 it is expected to surpass the 62 wells set as goals by the government plan.

The investments allocated to these projects have been large, said the president, pointing out that in 1978 over \$100 million was invested in direct and associated exploration, and this year the cost of this exploration will exceed \$200 million.

He added that the new price structures and technological advances in the field of heavy crude, combined with a clear policy to stimulate production, have led to two important results: the Cocorna Association and the secondary recovery from Casabe.

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CSO: 3010/1789

OIL IMPORTS EXPECTED TO INCREASE

Bogota EL ESPECTADOR in Spanish 23 Aug 81 pp 1-A, 14-A

[Article by Jose Suarez]

[Text] Next year Colombia will increase its petroleum imports by an additional 25,000 to 28,000 barrels of crude a day, said the minister of mines and energy, Carlos Rodado Noriega.

At the same time he rejected the idea of a possible paralysis of work at various hydroelectric power plants in the nation, terming the rumors about this "sensationalism." He revealed that last week the government approved two loans for over \$2.1 billion that will alleviate the financial situation of the ISA [Interconexión Electrica S.A.].

The government announcement about the increase in the volume of next year's imports of crude petroleum contrasted with the confirmation of the discovery of huge deposits of petroleum in the Arauca district.

This year the import of hydrocarbons comes in all to 55,000 barrels a day, of which 20,000 barrels are of crude, and the rest consists of gasoline, diesel fuel, and ACPM.

With the 28,000 additional barrels, the total crude petroleum that Colombia will import in 1982 comes to 48,000 barrels a day. This additional volume will of course have an impact on Colombia's balance of payments for that period.

The government figures themselves estimate the total cost of hydrocarbon imports this year at US \$800 million.

The additional crude that the government plans to buy abroad will be refined in the plants of Cartagena and Barrancabermeja. In this way the government officials hope to decrease by a large percentage gasoline and diesel fuel imports, especially the diesel imports.

In this way the cost of the crude petroleum will be offset by what is not being spent on imports of the other two fuels, but the government itself is pessimistic about achieving any considerable savings.

The new purchases will be from Mexico or Iran; talks are now in progress with both countries. In both cases the sales prices range between US \$32 and US \$36 per barrel.

At the same time, the minister Rodado Noriega said that the president of ECOPETROL [Colombian Petroleum Enterprise], Jose Fernando Isaza, last week made an official visit to Venezuela, where he made contacts with the oil officials of that nation in order to ensure the extension of the agreement by which Venezuela sells us 20,000 barrels of crude a day.

As stated earlier, the value of our hydrocarbon imports this year comes to US 800 million. Of this amount, by last July US \$363 million had been spent, an increase of \$113 million over the same period of last year, according to the Bank of the Republic.

Colombia's own petroleum production, which is also increasing, is now 135,000 barrels a day. In addition, the rate of fuel consumption is showing a strong tendency to decline.

Imports are differentiated into the 20,000 barrels that are purchased from Venezuela and the remaining 35,000 barrels coming from Peru and the West Indies. These imports are mostly gasoline.

About the construction of new refineries in Colombia, specifically in the Llanos Orientales, Mr Rodado Noriega said that for the time being it is not feasible to engage in projects of this nature. This is primarily because the nation's refining capacity is sufficient and will increase next year.

At present this capacity is 205,000 barrels a day, and it is barely 75 percent used. In 1982 it will be 230,000 barrels a day, much above the refining needs of Colombia, even including the imported crude.

On the subject of domestic fuel prices, the minister said that it is possible that action may be taken in this area, but that at the present time the government does not intend to change prices.

He cited the following arguments in support of changed prices. The oil producing and exporting nations are readjusting their domestic prices as part of a long-term policy attempting to ration-alize consumption. If the producers are doing this, it seems

logical that an importing nation like Colombia should have a sensible price policy.

He also stated that ECOPETROL is subsidizing fuel prices by paying high international prices for petroleum abroad and selling it for lower prices at home. This is costing 19 billion. In addition, it has to pay the National Highway Fund 11 billion, another expense for ECOPETROL.

In pointing out the significance of the Arauca II well, he said that its reserves are estimated at 75 million barrels. The daily production and reserves will be even larger when the results of Arauca III are known. Production will start in approximately 3 years, after the infrastructure work, requiring an investment of US \$1.2 billion, is completed.

He also noted the quality of the petroleum found, which may be one of the best in the world. This justifies the large investments needed for working at a depth of 20,000 feet or more.

The pipeline which will be built to transport the crude from Arauca, Casanare, and other areas of the Llanos Orientales to refineries will start from Arauca, going through Casanare and Bucaramanga, and will reach Barrancabermeja.

INTERCOL [International Petroleum (Colombia) Limited], which is conducting this exploration in association with ECOPETROL, released the following technical report on this discovery.

"In May of last year INTERCOL completed the drilling of the Arauca I well to a depth of 19,750 feet; this was a significant oil discovery for the nation. The well produced 1,500 barrels a day of excellent quality petroleum. Still, indications suggested only limited reserves, and therefore it was essential to drill other wells to better determine the extent of the reserves. In addition to this productive interval, there were also in the Arauca I well some possibilities of a lower horizon which could not be tested because of mechanical difficulties.'

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"This new well is located in the Arauca district near the town of Saravena; its drilling began on 23 September 1980, and after 325 days of continuous work and an investment of 1 billion pesos, the final objective was reached, and tests were made with the following results:

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"This suggests that in a period of not less than 5 years Colombia will be able to use this crude in its refineries, thus decreasing its volume of imports.

"The development of this field will require drilling nearly 50 wells to depths close to 20,000 feet; it is estimated that it will be necessary to invest approximately \$1.2 billion in constant dollars during these 5 years in order to refine and consume this petroleum."

As for the status of some hydroelectric power plants which reportedly might be paralyzed because of a lack of resources, Mr Rodado Noriega said that these sensation-seeking tales are not based on reality.

He explained that the ISA debt to its contractors is barely 100 million pesos, and not 800 million, as has been alleged.

He said that the government has been taking a series of steps to overcome its difficulties, including the following: a loan authorized for the CVC [Autonomous Regional Corporation of the Cauca Valley] for 800 million, of which 400 million will be used for the ISA; and a direct loan to the ISA which the council of ministers approved in its latest meeting; this loan is for 1.3 billion.

He said that every month 350 million has to be invested in the San Carlos and Jaguas projects.

Concerning the general situation of the electric power industry, he reported that next week the government will introduce a bill in congress to establish the National Electric Fund.

This fund will channel the greater part of the resources needed to finance the sector. It will be supported through the placement of bonds or securities in the financial market, thus relying largely on domestic savings. These securities will bear fairly attractive interest rates. In addition, the fund will receive payments from the national budget, foreign credit resources, and payments from agencies acting as partners.

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CSO: 3010/1789

NATURAL GAS SALES TO U.S. COULD DOUBLE

Mexico City EL SOL DE MEXICO in Spanish 3 Sep 81 p 12-A

[Article by Arturo De Aquino]

[Text] During the fourth quarter of this year, Mexico will be in a position to increase its exports of natural gas to the United States by up to 100 percent.

This will be the result of being able to exploit almost the total productive output of the offshore oil platforms located in the Campeche Gulf, by the use of gas pipelines that will eliminate the need to flare this energetic substance.

The foregoing was disclosed by PEMEX [Mexican Petroleum] engineers, who explained that the 300 million cubic feet now being exported to the government of the United States can now be increased to 500-600 million, thanks to the ability now to exploit the Campeche Sound's natural gas.

Special platforms are now under construction and tests are being completed on the gas pipeline that connects the offshore platforms with land, and it is estimated that before the end of this year almost 100 percent of the associated gas from oil production can be recovered.

In accordance with the energy programs, the Secretariat of Patrimony and Industrial Development, as head of the sector, has carried out the plan to increase the use of natural gas by our national industries, especially the electric power industry, thus substituting it for other hydrocarbons, such as fuel oil, that can be put to better use.

Much of the production of this fluid obtained aboard the Campeche Gulf platforms will therefore be used to satisfy the needs of the industries that have modified their fuel consumption systems and are now equipped to use natural gas.

Nevertheless, according to reports, we will have large gas production surpluses and will therefore be in a position to raise exports to the United States.

Unofficially, it has been learned that certain adjustments are also already being made in the gas pipeline that connects Mexico with the American Union to enable it to transport larger volumes than at present in the very near future.

9399
CSO: 3010/1843

URANIUM FINDS IN OAXACA, GUERRERO CONFIRMED

Mexico City EL SOL DE MEXICO in Spanish 1 Sep 81 pp 1-B, 6-B

[Article by Arturo De Aquino]

[Text] Mexico's uranium wealth could rise significantly with confirmation of the studies currently being worked on that would seem to indicate that Oaxaca and Guerrero uranium deposits are one and the same.

According to studies made by URAMEX [Mexican Uranium], some evidence of this possibility already exists, and it is considered likely that the size of these deposits will be confirmed more exactly within the next few months.

As of now, under what has come to be called the "LPW [expansion unknown] Project," Oaxaca's proved reserves of uranium oxide have reached 5,000 tons.

Second to Chihuahua, the LPW is one of the uranium industry's largest deposits, and if the correlation that is thought to exist between this deposit and those of Guerrero is confirmed, then the figures will increase severalfold, putting this zone certainly above Chihuahua, whose proved uranium oxide reserves now total around 10,000 tons.

According to the government enterprise's engineers, work is proceeding on an accelerated basis on quantifying the national territory's uranium resources.

The idea, it was explained, is to submit to President Jose Lopez Portillo, during the second half of 1982, what will be known as a "Uranium Map of Mexico," a document that, obviously, will provide fully detailed data with regard to this mineral.

Basically, it will make known the progress achieved by the current administration, but it intended to provide a fully detailed general report giving exact data on proved, probable and potential uranium reserves.

It will also provide exact volumes and zones in which these resources are located, steps that must be taken to exploit them, data on the need for beneficiation plants, etc.

The entire study has already been started, they say, with aerial prospection operations using helicopters purchased in France and equipped in the United States.

PEMEX CRUDE EXPORTS TO INCREASE 52 PERCENT

Mexico City EXCELSIOR in Spanish 9 Sep 81 pp 1-A, 12-A

[Article by Federico Ortiz, Jr: "PEMEX: 'No Country Will Benefit Unilaterally From Our Oil'"]

[Text] The head of PEMEX [Mexican Petroleum], Julio Rodolfo Moctezuma Cid, said yesterday , at the opening of the series of conferences on "Five Years of Achievements by the People of Mexico," that hydrocarbons cannot be used as a foundation for the building of privileges and that much less can they be considered a resource to be exploited, unilaterally or unjustly, for the benefit of any other nation.

The head of PEMEX asserted that "We are not oil-bound, nor are we going to be oil-bound," because hydrocarbons--he said--are not mere merchandise. They represent a source of leverage through which we can raise our productiveness to higher levels. They are a resource that we are not squandering on the acquisition of goods but that we are using to create other renewable sources of wealth.

Crude exports--he added--have recovered and it is estimated that by year-end our sales will have increased by 52 percent in volume and by 82 percent in value.

He affirmed that President Lopez Portillo, with exemplary vision and as far back as his preelectoral campaign, had seen in oil one of our most solid economic strong points. Oil could in fact strengthen our finances, restore our foreign credit, stimulate the production of goods, accelerate the creation of jobs and, in a word, contribute vigorously to the overcoming of our crisis, the consolidation of our economy and the start of our growth.

And the secretary of Patrimony and Industrial Development, Jose Andres Oteyza, said that until a World Energy Plan is put into effect, the disorder that currently prevails in the world hydrocarbons market will continue, producing wild fluctuations in the marketplace, inordinate price rises and plunges.

Mexico, the official asserted, does not sell below OPEC prices. He explained that the Middle East sells the so-called light Arabic crude at \$32/bbl and the "isthmus" crude at \$34/bbl. Thus, he said, we are actually selling at a price higher than that at which most of the world's crude is being marketed.

The necessary corrections have been made in PEMEX's export policy, he said, and today we can state that the accidental break has been repaired. We have recovered our oil export footing and can now count on a more stable, hence a more reliable, market on which to base our development plans and programs.

He said that, in accordance with our new hydrocarbons export policy, the list of clients is being purged and government-to-government operations, such as those we have been conducting with countries like Brazil, Canada, Spain and Japan, are being strengthened. Recently, we concluded a negotiation with the U. S. Department of Energy. Agreed prices are those of the marketplace and will be updated quarterly.

There were no special prices or conditions, and furthermore there will not be any, such as we, on the other hand, do have with the Central American and Caribbean countries, he said.

We have said and we reiterate, he continued, that we are not and shall not be an oil economy. Oil is the spearhead, the detonator, that must necessarily be up front in our economy. But since its use is appropriately circumscribed by our national development plans, the other sectors will have to fall into step with it.

The overriding objective of our Energy Program is to make use of the energy resources with which we are so richly endowed to strengthen, modernize and diversify Mexico's economic structure.

First, this requires that the production of energetic raw materials guarantee a balanced economic growth. Secondly, it also requires a rationalization of demand. Mexico, like many other countries, materially squanders energy. Our consumption per unit of production is comparable to and in some cases greater than that of highly industrialized countries. The rationalization of consumption is therefore a high prioritized objective to be attained within the next very few years.

A considerable effort must be made, he said, to diversify our energy sources. Only in this way can we avoid increasing our dependence upon hydrocarbons.

The head of PEMEX, Moctezuma Cid, added that use was made of the recent lull to gain ground in some key organizational aspects. A closer relationship has been established between PEMEX's different divisions, such as between production and marketing. Foreign sales have taken on more movement. We have reorganized our foreign sales--Moctezuma Cid indicated--and have instilled in the buyers on our list a sense of confidence in our solidity by applying sales criteria that are at the same time aggressive and selective.

Recalling, at another point in his remarks, what President Lopez Portillo had said concerning the cause of the international oil market's instability, Moctezuma Cid affirmed that oil is being manipulated--wielded, it might be said--as a pressure weapon and an instrument of penetration. Instead of serving as a balance wheel to coordinate the development of those countries that have not yet reached the stage of industrialization and to maintain within reasonable limits the prosperity of the wealthier nations, it serving only to promote imbalances and injustices.

The World Energy Plan proposed by Mexico continues being the sole key, the surest way, to the solution of the many problems--some of them critical--the world faces today with respect to energy raw materials.

Energy Demand Will Be Met

Engineer Alberto Escoffet Artigas, head of the CFE [Federal Electricity Commission], said that the government of the Republic has provided the necessary resources to ensure a sufficient supply of energy for the development of the country and for the entire population to attain higher standards of living.

The head of the CFE said that electric service has been extended to almost 60 million Mexicans living in more than 22,000 localities; operating capacity has been increased to more than 17 million kilowatts; the high-voltage transmission line network totals more than 190,000 kilometers; more than 10 million electrical service contracts are being administered; workers productivity and the energy output of the thermoelectric plants have both been increased; the sector has been restructured to enable it to meet future energy demands; energy diversification has begun; the national electrical network has been integrated having interconnected the entire continental network [as published]; the manufacture of capital goods has been given an impetus and imports substituted for; and better preparation for the analysis and solution of the problems being posed by the high growth rate of this sector has been attained.

The "Five Years of Achievements of the People of Mexico" series was organized and sponsored by the PRI [Institutional Revolutionary Party], the CNOP [National Confederation of Popular Organizations], and the Mexican Society of Engineers.

Humberto Lugo Gil, secretary general of the CNOP, inaugurated the series in behalf of Javier Garcia Paniagua, president of the political party, who presided over the meeting held in the Hotel Maria Isabel, accompanied by engineer Jose Aguilar Alcerreca, president of the Mexican Society of Engineers, and by the coordinators, engineer Manuel Cadena Morales, head of the state sulfur enterprises, engineer Rodolfo Dominguez Calzada and Fernando Sosapavon E.

9399

CSO: 3010/1843

SEPAFIN: PETROLEUM MARKET HAS BEEN RECOVERED

Mexico City EL SOL DE MEXICO in Spanish 1 Sep 81 pp 1-B, 6-B

[Article by Nora Hilda Gomez]

[Text] After indicating that Mexico has recovered its petroleum market, SEPAFIN [Secretariat of Patrimony and Industrial Development] reported that August sales reached the level of 1.25 million barrels per day.

The Secretariat also indicated that this figure will continue rising throughout the rest of this year owing to the success the country has had in marketing its petroleum, having received positive responses from its best clients.

SEPAFIN said that the policy of adjusting the terms and conditions of sale of exported crude will continue.

This means, as Mexican Petroleum has in fact announced, that the basis of foreign oil sales has been restructured to conform to changes in the world oil market. Foreign sales will increase progressively based on the Energy Program.

The price of Isthmus crude was also confirmed at \$34/bbl and that of Maya crude at \$28.50/bbl.

Price for Mexican oil will be reviewed every quarter as in the past, but rather monthly from now on [as published], and any changes taking place in them will be made known forthwith.

As regards the results of separating the sales of Isthmus and Maya crudes, which was done in response to its clients' refining requirements, based on the high costs of money and of transportation, the Secretariat said the results obtained were excellent and that separate marketing of the two classes of hydrocarbons will be developed.

9399
3101/1843

PEMEX: PRODUCTION COULD REACH 2.75 MILLION BARRELS

[Mexico City EL SOL DE MEXICO in Spanish 1 Sep 81 pp 1-B, 6-B

[Article by Arturo De Aquino]

[Text] Mexico, as of now, could reach its planned oil production level of 2.75 million barrels per day; for reasons of a marketing nature, however, it will not do so for approximately another 6 months.

Current crude oil production is approximately 2.5 million barrels per day and extraction operations will be conducted basically in conformity with world market developments, not only as regards prices but also as regards consumption.

The foregoing information was released by officials of PEMEX [Mexican Petroleum], who said that, in agreement with the policy laid down in this respect by President Jose Lopez Portillo, the raising, lowering or maintaining of crude production levels will be timed to occur as closely as possible at the most opportune moments from the standpoint of the national interest.

Extraction, it was said, will be based neither on whim nor on solely unilateral considerations that could at a given moment result in damage to the economies of other countries whose primary source of foreign revenues is oil.

Therefore, although the wellhead valves could be opened at any time and the planned level for 1982 reached--namely, 2.75 million barrels a day--this will not be done until it is absolutely certain that to do so is totally beneficial to the nation and will situate it within a proper global context among the nations that market crude.

In conclusion, with respect to the date around which the cited volume can be reached as a normal level, it was stated that everything will depend on the world situation, but that it is estimated this could take place around 6 months from now, possibly by the first quarter of next year.

9399
CSO: 3010/1843

SOLIDARITY CONFERENCE OF HAITIAN EXILES ENDS

PA221716 Panama City MATUTINO in Spanish 21 Sep 81 p 6-A

[Article by Adolfo Benedetti: "Solidarity with Haiti"]

[Excerpt] The first conference of continental solidarity with the people of Haiti that ended yesterday in Panama City demonstrated the solidarity hospitality offered by our country to those representatives of the Caribbean nation who, from all latitudes, converged on the isthmus to celebrate an historic encounter in defense of human rights which have been despotically trampled upon in this Caribbean island by the different henchmen who have succeeded each other in power.

Headed by Damian Castillo Duran, president of the sponsoring committee, and well-known Panamanian and international figures such as Marcelino Jaen and Monsignor [Sergio] Mendez Arceo, archbishop of Cuernavaca, who have been acclaimed for their campaigns against tyrannic rulers on the continent, the solidarity meeting was characterized by its fraternal atmosphere and the denunciations regarding the tragic situation in which the Haitian people live.

The conference was a faithful reflection of the different [political] currents that exist among the Haitian exiles, whose common denominator is the intention of eliminating the pathological regime that today rules the island, backdrop to the most aberrant esoteric practices in combination with disguised forms of slavery, and the misery and economic collapse that make Haiti the most suffered and deprived corner of the continent contrary to all its traditions of freedom that originate in the late 18th and the 19th century.

CSO: 3010/13

WEST EUROPE GROUPS EXPRESS SUPPORT FOR COUNTRY

PA301227 Havana International Service in Spanish 0000 GMT 30 Sep 81

[Station commentary]

[Text] The second meeting of the West European Associations of Friendship with Cuba was held recently in Madrid, Spain. The conclave was attended by 14 nations of the area as well as a delegation of West Berlin.

Rene Rodriguez, president of the Cuban Institute for Friendship With Peoples, ICAP, said at the opening session that Cuba will never conceal its gratitude to those who from the past century to the present days have always extended to that small besieged country a friendly hand free of prejudice. He noted that Europe has always offered evidence of love for that Caribbean island and of solidarity with the Cuban people's struggle for their independence, as well as in the defense of its conquests and efforts to emerge from its underdevelopment. [Passage indistinct] in the naval base maintained by Washington on the Cuban territory of Guantanamo.

It goes on to denounce the bacteriological war unleashed by the U.S. Government against our country and points out that this has not only caused considerable damage to our economy, but it also caused the loss of human lives.

The declaration expresses the satisfaction of the West European Associations of Friendship With Cuba for the firm response of the Cuban people to the aggressions and threats directed against the Caribbean island and its revolutionary process. In that respect it points to the creation of the territorial troops militias as well as the exemplary stand of the people in their struggle to eradicate the diseases imported into the country and the progress achieved in the sectors of economy, education and public health, among others.

The document emphasizes the cooperation offered by Cuba to 36 nations of the world in the fields of education, health and technology.

Further on, it notes that the West European Associations of Friendship With Cuba have committed themselves to carry out an information campaign to reveal the true Cuban situation with confidence and determination while they repudiate any attempt of direct intervention against our country.

The participants to the Madrid meeting sent a message to the president of the Councils of State and Ministers, Fidel Castro, expressing their support for the speech he delivered at the 68th IPU conference which recently adjourned here in Havana.

That is why in the closing of the second meeting of the West European Associations of Friendship With Cuba, the president of ICAP Rene Rodriguez, pointed out that the final declaration as well as the message sent to Fidel Castro constitute gestures that commit our eternal gratitude toward these entities.

CSO: 3010/21

COUNTRY SECTION

CUBA

BRIEFS

GROUP OF 77 MINISTERS STATEMENT--Foreign ministers of the Group of 77 have expressed their deep concern over the alarming deterioration of the international situation both in the political and economic sectors. They concluded their annual meeting at the United Nations in which they reviewed the developments that have taken place since their previous meeting held in September 1980 and coordinated their positions on various issues to be discussed at the present UNGA period of sessions. In a communique released at the end of the meeting, the ministers expressed their regret over the fact that no progress has been made toward establishing a new international economic order. They emphasized the need to urgently conduct global negotiations and, in a clear allusion to the United States, they expressed their concern over the fact that this country continues to jeopardize the possibility of negotiations.
[Text] [FL301542 Havana Domestic Service in Spanish 1400 GMT 30 Sep 81]

CSO: 3010/21

AGRICULTURAL PRODUCTION: ECONOMIC BASE OF COUNTRY

San Salvador LA PRENSA GRAFICA in Spanish 28 Aug 81 p 64

[Commentary by Oscar Monedero]

[Text] "Since the turn of the century, the country's economy has been based on agricultural production, depending principally on three sectors: coffee, cotton and sugarcane."

This was stated to LA PRENSA GRAFICA by Oscar Monedero; the full text of his words follows:

"The 21,000 square kilometers (8,200 square miles) that make up overpopulated El Salvador's area made it one of the most productive countries in Latin America, in terms of population density.

"In 1977 the per capita gross domestic product (GDP), according to the Inter-American Development Bank (IADB), was \$603.00. In a simple comparison, that is the lowest figure in all of Latin America, with the exception of Haiti and Bolivia. However, if we take into consideration the overpopulation factor, we obtain a more realistic result. If El Salvador had the population density of Mexico, its GDP would be nearly \$4,000 per inhabitant, while Mexico's per capita GDP was \$991 in 1977. If El Salvador had Venezuela's population density, its GDP would be nearly \$4,500 per inhabitant, while Venezuela's was \$2,083. (Source: Council for Inter-American Security.) El Salvador's productivity has thus been very high.

"Since the beginning of this century, the country's economy has been based on the productivity of the agricultural businessman, depending basically on three sectors: coffee, cotton and sugarcane, all market commodities subject to international supply and demand fluctuations. The minimum wage scale in El Salvador moved only upward, and very quickly. Thus, in 1962 the legal process of redistributing wealth began. Current prices for those products are comparable to those of the early fifties, while the wages are four or five times greater today.

"As is to be expected, the businessmen (large, medium and small) saw the need to develop other sectors of the economy. Thus began the industrial development program in the fifties, as well as that of agro-industrial development, livestock development (implemented by businessmen on a national scale, including several modern slaughterhouses and dairies in a single decade), tourism development (without question the most spectacular: private business investment in hotel capacity,

in terms of hotels built and put into operation, increased by 257 percent between 1970 and 1977; a US \$800,000 private tourist development project portfolio was formed, only 5 percent of which has been implemented, putting this sector in third or fourth place in terms of exports in 1977/78). All this reflects the responsible actions taken by the private business sector to further the country's economic development.

"Moreover, in a spirit of patriotic collaboration, without any thought of personal benefit, we private businessmen organized, planned and implemented the best government enterprises. That is, the capacity of private businessmen (large, medium and small) developed the best public enterprises in existence and operation today: CEL (national electrification), CEPA (maritime ports and railroads), ANTEL (telecommunications), Central Reserve Bank (ensuring the stability of the economy since 1934, thus allowing the development that took place between 1950 and 1977), the Coffee Company (today INCAFE), the Sugar Cooperative (today INAZUCAR), and all the banks in the country, in foreign trade, etc.

"All the boards of directors of these institutions have been made up of and chaired (with the exception of ANTEL) by private businessmen. Some members of the army and central government ministry personnel also served as directors. The basic intellectual infrastructure of those boards of directors was always made up of private businessmen (large, medium and small), serving as chairmen and directors.

"Salvadoran statesmen should understand, after they leave demagoguery aside, that the development of this country was due to businessmen (large, medium and small). So the question arises: Why haven't they passed a moratorium law to prevent the bankruptcy of these businessmen (large, medium and small)? Do they want the productive sector to cease producing? Is that how they intend to justify to the ignorant and gullible the implementation of communalism, as discussed by the president in his book, which presents it as the ideal form of government?

"The problem is not one of wealth but of poverty; of the economic poverty of the country, not through lack of effort by Salvadorans, but because the monopolies in developed countries do not allow us to reach the consumers more directly with our traditional products, mainly coffee.

"The main thing the Reagan Administration can do to help Central America and the Caribbean is to help underdeveloped countries reduce the role of middlemen and process their products further, eliminating restrictions on the importation of semi-finished goods such as roasted and ground coffee. Thus, not only could we offer the American consumer lower prices, but the producing country would earn more income (in coffee, the difference between what the producer receives and what the consumer pays is 10,820 percent, while the producer runs unfathomable risks because of the weather, rains, etc.).

"The problem is not one of wealth but of poverty; of poverty in the integrity of the moral principles not only of those who use demagoguery, but also of those Salvadorans who sell out, who tolerated and continue to tolerate the infringement of the basic rights of private businessmen (large, medium and small)."

COMMENTARIES CRITICIZE INDEPENDENCE OF BELIZE

Economic Offensive Urged

PA232306 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 22 Sep 81

[Editorial by Mario David Garcia, newscast director]

[Text] As had been announced, on 21 September the UK officially announced the independence of the Guatemalan territory of Belize in an action which our government, without hesitation, called an additional farce of British colonialism.

The British puppet, George Price, today requested Belize's admission to the United Nations. In outrageous contempt of Guatemala Secretary General Kurt Waldheim hurriedly congratulated the so-called new country.

Tonight, joining the civic protest begun by the morning newspaper PRENSA LIBRE, "Here's the World" refrains from reporting on the events in Belmopan, in line with the clear and open rejection of 7 million Guatemalans for the stripping of one-fifth of the national territory. For this reason, we shall only report on the reactions in our country to show the world the dignity and determination of all Guatemalans to maintain the integrity of their territory.

Nevertheless, and despite Guatemala's repudiation of the attempt to sever Belize from it, we cannot ignore the fact in view of future implications.

If, on the one hand, Belize can become a dangerous zone for Guatemalan stability due to the influence of nations such as the USSR, Cuba or Mexico, on the other hand we should remember that we must take steps to achieve the reintegration of our legitimate territory.

Timidly, the so-called Merchants General Association [Asociacion General de Mercaderes] of Guatemala has sent an open letter to the minister of economy requesting that trade with Belize continue. The request is based on the fact that, for various reasons, trade among the Central American countries has decreased, openly affecting Guatemalan industry while Belize, as a market, is acquiring growing importance for Guatemalan products.

The idea is good and today it is imperative not only to accept it but to conveniently broaden it: our government should immediately begin what might be termed an

economic offensive, seeking trade integration with Belize. This offensive should be intensified and taken into other fields such as the mass communications media. For example, several radio stations could be established in El Peten. These could broadcast to the people of Belize to teach them Spanish, music, and Guatemalan traditions. This effort could be converted into a development axis to spread Guatemalan influence toward Belize.

In the 100 years that it has been claiming territory illegally taken by England, Guatemala's actions have almost always been haphazard. The majority of occurrences have been a product of our lack of willpower or of our negligence.

However, we now paradoxically find ourselves in an advantageous situation. Nothing and no one can keep Guatemala from influencing a pseudo-independent Belize, from seeking out economic integration and later, political integration.

Today the British said that Belize was independent and today Guatemalans can start working for the effective recovery of that territory which is legitimately ours. Everything depends upon the determination and intelligence with which we act.

Reasons for Loss Explained

PA221727 Guatemala City Radio Nuevo Mundo in Spanish 1200 GMT 21 Sep 81

[Commentary: "Belize's Independence and the International Isolation of Guatemala"]

[Text] An event with great repercussions in the country's political and legal life will occur today. It is the loss of Belize, which represents one-fifth of the national territory. Today the British Government will grant independence to that portion of land which Guatemala has claimed as its own based on historic and legal facts. For many years our country had the solidarity of America in its claim on Belize. Of special importance were the resolutions of several international organizations which included Belize in the category of territories occupied by an extracontinental power.

That solidarity always included the enthusiastic support of the Central American countries, which always rejected the survival of colonialism in America and recognized Belize as an integral part of Guatemala. Almost every political forum reaffirmed the support of the Latin American countries for Guatemala's claim over part of its territory improperly occupied by Britain.

Unfortunately, the policy of Guatemalan diplomatic representatives before international organizations on the question of Belize included many mistakes, which led to the progressive loss of support of many countries of the continent, ending in complete international isolation of its claim.

Now we don't even have the support of our neighbors in Central America. Some political leaders have criticized the sectarian manner in which our foreign policy was conducted, which weakened Guatemala's position abroad. One of the presidential candidates said recently that one of the great political mistakes in our Belize policy was the lack of honest social relations with the people of Belize and the Maya-(?Quechi) population which has migrated to that territory.

Suggestions to win the confidence of the people or to demonstrate that Guatemala had no intention of looting the land were ignored. No programs were developed for rapprochement and cooperation, which would have improved Guatemala's negotiating position if they had been started at the proper time. The truth is that we lost time in developing a vigorous diplomatic action. It is probable that there was lack of foresight in the evolution of international policy. Those responsible for foreign policy did not have sufficient vision to promote a realistic, constructive, integrationist and nationalistic program. Their position was completely blind and sectarian.

Therefore, we today mourn the loss of a large part of our national territory. The people's time and money were wasted instead. The last big mistake was to tell the students from Belize who were here to leave the country by 14 September, forgetting that until the constitution is changed Belize is part of Guatemala and the people of Belize must be treated like Guatemalans.

However, the most important thing now is that, in the face of the declaration of Belize's independence, the Guatemalan people will not permit this problem to continue to be used as a subject for electoral improvisations and opportunism.

CSO: 3010/22

PRESS SECRETARY REPORTS ON TRIP TO UNITED STATES

PA292216 Guatemala City DIARIO DE CENTRO AMERICA in Spanish 24 Sep 81 p 2

[Text] Carlos Toldeo Vielmann, secretary of public relations of the presidency of the republic, made important statements for the country's tranquillity in a news conference held at his office in the National Palace yesterday.

Asked about his trip to Washington, he reported that he went there for health reasons, but that he took advantage of this trip to meet with U.S. officials and representatives of other sectors.

He added that he was able to confirm that the credibility given to opponents of Guatemala in their international campaign against our country, has dropped considerably. He said that he met with senators and other officials as well as with other persons of other U.S. sectors who showed a great interest in thoroughly learning about the Guatemalan problems and getting to know the other side of the coin of the campaign against Guatemala. He also said that it can be noted that reports which do not exaggerate negative aspects about Guatemala but stress the positive ones are beginning to appear in the U.S. media.

In referring to the country's latest violent actions, Toledo Vielmann noted that "any act of violence is repulsive and must be repudiated especially when national problems can be solved through dialogue and popular consultation."

He added that we are on the verge of general elections in Guatemala. All eight legally registered political parties will be able to participate so there is no need to resort to violence.

Regarding the well-known guerrilla attack against the Tikal ruins, Toledo Vielmann said that this was an attack against universal culture because the ruins are relics of a very high archeological value. He added that they are also part of Guatemala's heritage and so it was also an attack against Guatemala as a whole.

Referring to the case of Roquelino Recinos, the health and social welfare minister kidnapped early this month, he said that the government is firmly determined not to negotiate with his captors because it knows nothing about the things they demand and does not even know their identity. He said, however, that his family is free to make whatever arrangements it thinks fit to obtain his release.

He reiterated the government's wish for a happy conclusion to the case, adding that Recinos is a knowledgeable and experienced professional who has been active in social work and has selflessly served the need classes and this makes him a valuable member of Guatemalan society.

CSO: 3010/23

BRIEFS

FAR TAKES CREDIT FOR TERRORISM--The Clandestine Rebel Armed Forces [FAR] has taken credit for the latest terrorist actions, especially the explosion of a bomb which destroyed the installations of the National Financial Corporation, the Guatemalan Bonding Company, the Mortgage Bank and other buildings located on 8th Avenue and 11th Street, Zone 1. This information reached this office by telephone in three separate calls. Therefore, we make public the contents of the anonymous calls and their credibility will depend on the results of the investigations being carried out by the authorities. [Text] [PA262009 Guatemala City PRENSA LIBRE in Spanish 18 Sep 81 p 8]

LAND TITLES TO PEASANTS--President Romeo Lucas Garcia has distributed state lands. As a result, 51,000 land titles have been issued to benefit 1 million Guatemala peasants. [PA300306 Guatemala City Domestic Service in Spanish 1500 GMT 29 Sep 81]

CSO: 3010/23

COUNTRY SECTION

HONDURAS

BRIEFS

AMAPALA NOT U.S. BASE--"They are crazy!" was the response of Col Mario Flores Theresin, minister of national defense, when he was asked to comment on the accusation by a Nicaraguan official that Amapala will be converted into an American naval base. Yesterday a vice-minister of that neighboring country announced that the United States is trying to establish a military base on the island of Amapala to protect Central American nations from the advance of international communism. According to the Nicaraguan official, that military base is already a fact. However, when the minister of public security and national defense, Col Mario Flores Theresin, was asked about this story, he said: "They are crazy!" That, he said, was the logical and clear reaction the Nicaraguan vice-minister's statement deserved. [Text] [San Pedro Sula LA PRENSA in Spanish 28 Aug 81 p 4] 8926

CSO: 3010/1861

GOVERNMENT ISSUES STATE OF EMERGENCY LAW

Managua LA PRENSA in Spanish 10 Sep 81 pp 1, 5

[Text] The critical conditions in the world economy, which have dealt a severe blow to the Central American economy, in addition to the legacy of the Somoza dictatorship, mean that Nicaragua is not in a normal state. Furthermore, other factors have stifled production and investment, such as decapitalization, lack of labor discipline, bureaucracy, lack of control over the parallel market, etc. All these factors justify the declaration of a State of Economic and Social Emergency throughout the nation, announced last night on the radio and television networks by Cmdr Daniel Ortega, coordinator of the National Reconstruction Government Junta (JGRN).

"These 2 years," said Ortega, "have witnessed great efforts on the part of the revolutionary government to rebuild the country and reorient the economy toward a new model of development, consistent with the social change and justice sought by the Sandinist People's Revolution. Despite the progress we have made, the difficulties are still enormous, and we must come to grips with them in a realistic manner."

The State of Economic and Social Emergency that was announced--in the words of Cmdr Ortega, "after consulting with the most diverse sectors of the population"-- includes an Economic and Social Emergency Law, and the adoption of a series of measures for order and control. It also includes the promulgation of some laws that will help the JGRN better manage the national emergency.

In the fiscal sphere, a 5 percent cut in current account expenditures in the National Budget was announced (covering salaries and wages, administrative costs, etc.). There is a hiring freeze, which means that people leaving their jobs will not be replaced. In addition, government subsidies will be cut by 10 percent. According to the announcement, all this will lead to a saving of 438 million cordobas over the remainder of the year. There will also be hikes in selective consumption taxes of between 30 and 100 percent for imported goods that are not vital to the population. Nationally produced goods are exempt from this taxation, and there will also be a rebate on the increased consumption taxes paid for raw materials or inputs needed to manufacture the product.

Cmdr Daniel Ortega also announced that the JGRN is sending to the Council of State a law that will set forth penalties for the crime of fiscal fraud. It will provide for sanctions against those who engage in tax evasion.

The texts of the Emergency Law and the financial control measures appear in this edition.

At the end of his message, the JGRN coordinator called upon everyone to close ranks and dedicate themselves to production with decisiveness, discipline, austerity and efficiency.

"Only in this way will we realize the goal of the Sandinist People's Revolution, which is to transform Nicaragua's social, economic and moral climate," said Ortega.

Emergency Law

Law on the General State of Economic and Social Emergency

The National Reconstruction Government Junta of the Republic of Nicaragua,

CONSIDERING:

1. That the economic reconstruction of our country requires a genuine climate of internal stability and order to promote production efforts and positive attitudes toward work and discipline;

2. That the maintenance and strengthening of social peace is the primary obligation not only of the government, but of all Nicaraguans, so that our model of mixed economy and political pluralism will not be undermined and can actually achieve full development;

THEREFORE,

In accordance with its faculties,

DECREES

Article 1. In accordance with Article 49 of Decree 52 of 21 August 1979, and subparagraph c) of Article 28 of Decree 388 of 2 May 1980, a State of Economic and Social Emergency is declared throughout national territory, for a period of 1 year beginning with the date when this Decree is promulgated.

Article 2. The Government Junta will in each case authorize the corresponding ministers of state to undertake the necessary administrative measures to enforce this law.

Article 3. For the purposes of this law, the following people commit crimes against the Economic and Social Security of the Nation, and will be sentenced to 1 to 3 years in prison:

a) Those who engage in a concerted effort to interrupt public or private transportation.

b) Those who destroy raw materials, agricultural or industrial products, tools of production, or infrastructure, causing damage to the wealth of the nation or to

consumers, regardless of the criminal liabilities they incur as a result of the commission of other crimes.

- c) Those who spread false information for the purpose of causing changes in prices, wages, foodstuffs, supplies, merchandise, stocks, bonds or currency.
- d) Those who commit acts of sabotage against Production Centers, markets or warehouses for the purpose of interfering with production or supply activities.
- e) Those who promote price increases or decreases on the market, hoarding any kind of goods, products or stocks and shares, or engaging in other kinds of speculation.
- f) Those who incite, assist or participate in the initiation or continuation of a strike, stoppage or takeover of workplaces.
- g) Those who promote or participate in invasions or takeovers of land in violation of the Agrarian Reform Law.
- h) Those who incite foreign governments and international credit institutions to undertake actions or make decisions that will damage the National Economy.

Article 4. The sanctions contained in the above article shall be applied by means of the procedure set forth in Decree 5 of 20 July 1979 and its amendments.

Article 5. The right ... forth in Article 50 of Decree 52 of 21 August 1979, is hereby suspended throughout national territory, with respect to the enforcement of this law by the competent authorities and the provisions of Article 32. Therefore, the right to obtain an injunction against administrative actions taken to enforce this law by the authorities indicated in its Article 2, is suspended.

Article 6. This law is within the realm of public order, and shall become effective today, the moment it is published in any mass medium, without prejudice to its later publication in the Official Gazette.

Given in the city of Managua on the ninth of September in the year nineteen hundred eighty-one.

"Year of Defense and Production"

National Reconstruction Government Junta
Sergio Ramirez Mercado
Daniel Ortega Saavedra
Rafael Cordova Rivas

8926
CSO: 3010/1861

SAAVEDRA'S ANALYSIS OF NATIONAL RECONSTRUCTION ACHIEVEMENTS

Havana PRISMA LATINO AMERICANO in Spanish Aug 81 pp 10-12

[Report of interview with Cdr Daniel Ortega Saavedra, coordinator of Nicaragua's Government Junta for National Reconstruction, on achievements to-date, in Managua; date not given]

[Text] Managua--Revolutionary Cdr Daniel Ortega Saavedra, coordinator of Nicaragua's JGRN, [Government Junta for National Reconstruction] asserted that the so-called U.S. Cooperation Plan for Central America and the Caribbean is trying to serve as an answer to the crisis U.S. policy is experiencing in the Central American area.

In an exclusive interview granted to PRISMA, the Nicaraguan leader said that "from this plan of isolation and aggression directed toward Cuba, Nicaragua and Grenada one can also expect military attacks."

"That scheme," he said, "has its precedent in the so-called Alliance for Progress of the 1960's, as an answer to what was an example of the Cuban Revolution on the Latin American continent."

The Nicaraguan leader--member of the National Directorate of the Sandinist Front for National Reconstruction [FSLN]--called that proposal a tremendous failure "and its objective was not achieved inasmuch as the Cuban Revolution is still going on and has become stronger despite the attacks."

Daniel Ortega said he believes that the Latin American countries will not support the plan and called attention to the firm position of Mexican President Jose Lopez Portillo in the interview he had in Washington with Ronald Reagan.

"In any case," he said, "Mexico speaks of aid for all countries and without the condition of any type of military interference."

The process of economic reactivation which the JGRN is developing is analyzed by Ortega, who is also coordinator of the government Junta, a consulting organization composed of the principal ministers of the productive sector.

"Although the plan is being sabotaged by the big Nicaraguan industrialists, considerable progress has been made to-date," the Sandinist commander emphasized,

stating that, while the Revolutionary Government, people's organizations, workers and farmers responded with great enthusiasm, "the Nicaraguan middle class, which controls big industry and the large estates, has been totally opposed to the reactivation effort."

In referring to the results of the efforts being made, he particularly mentioned the last cotton crop which ended up with a production of 339,000 bales of which more than 300,000 bales will be exported, affecting the small and medium private producers and nationalized farms that make up the People's Property Area (APP).

As an example, he stated that the owners of enormous agricultural expanses are reducing their planting area with a subsequent decrease in the number of wage earners and added that there is a similar phenomenon in the industrial sector.

"We found a group of industrialists who did not reinvest, who made it a point to distribute all the surplus capital among their financial partners, many of whom are abroad, and this is having a negative impact on the effort being made with regard to economic reactivation.

"Large firms are operating with credit from the nationalized bank so that, practically speaking, it can be said that these people have become administrators of factories subsidized by the state but with the major disadvantage for the revolution that they are investing a part and removing the rest from the country, thus reducing the country's overall capital."

Pressure by the People

The young Sandinist--25 years old and with a long history of struggle against the Somoza tyranny--pointed out that the JGRN is being subjected to great pressure by the people to take severe measures against the big business sector and stressed that the workers and farmers are demonstrating with increasing vigor against the outflow of capital and asking the government to take appropriate measures.

He said that the Sandinist government will give answers to these petitioners "which will be compatible with the interests of the revolution and with that of reactivating the economy to the benefit of the working class and Nicaraguan people."

Daniel Ortega disclosed that coffee production in the APP area turned out well last year, and in referring to the outlook for the sugar industry he said that through investments in that sector a sugar refinery will be built capable of refining 7,000 tons of sugar cane daily.

That project, he said, "which has all the support and experience of the Cuban people," is one of the major tasks of the economic reactivation.

Daniel Ortega praised the cooperation offered by the Mexican Government in exploiting our domestic wood resources through the establishment of a joint firm which will set up an industrial complex on the Atlantic coast.

The JGRN coordinator spoke enthusiastically about the production of gold and silver which, last year, reached a total of \$38 million, whereas during the Somoza regime the annual income from that production was \$600,000.

Ortega emphasized the advances of the "difficult and complex" process of reactivation and cautioned that the program needs great internal effort and also an abundance of international support.

In analyzing the Nicaraguan economy, Daniel Ortega said that we must consider the Somoza pillage, the damage caused by war and the natural crisis of the Central American countries the direct result of its total dependence on the United States.

In referring to U.S. economic aggression (loans of \$50 million were canceled), the revolutionary leader said that this attitude is in keeping with that established during the U.S. electoral campaign by Reagan's present advisers.

The Nicaraguan leader said that the president's attitude is in keeping with the U.S. policy of "trying to recover land within the international framework through aggressive positions, threats, violence and dictatorships."

He was positive in stating that countries "strategically allied with the United States" do not go along with that aggressive policy and do not accept the accusations made against Nicaragua by the State Department.

The JGRN coordinator said that the alleged traffic of arms through this country, destined for El Salvador, was a pretext to reactivate the support of the Christian Democratic junta.

"It appears to me," he said, "that the United States needed domestic and foreign justification to achieve this military and economic support for El Salvador."

The training of thousands of former Somoza guards in Florida is part of the campaign of the U.S. Government against the Nicaraguan revolutionary process.

He said that the West German magazine, STERN, disclosed that 6,000 former National Guard members are being trained in the United States to launch themselves against Nicaragua in mid-1982.

Daniel Ortega pointed out that the State Department did not respond to a protest note and that, meanwhile, those units are "calmly" continuing to train there; he also reported that those former guard members are going to go from the United States to Guatemala and from there to Honduras where they "are swelling the ranks of gangs who are penetrating our territory and murdering men, women and children."

He said that the United States is an accessory to those aggressions "in that it is not deciding to end the training of those gangs once and for all."

Border Situation

Constant attacks by counterrevolutionary gangs on Nicaraguan territory at the Honduran border are continuing to take lives.

Daniel Ortega spoke of the meeting he had on 13 May with Gen. Oscar Paz Garcia and other top Honduran officials who "showed an inclination to want to help him solve that problem" and said that the Honduran Government is being strongly pressured by the Guatemalan regime, pledged to thwart any atmosphere of peace with Nicaragua.

"The government of Gen Romeo Lucas Garcia sabotaged a meeting of Central American foreign ministers which was to be held in Tegucigalpa where they would be discussing important subjects relative to that geographical area," he said.

Ortega warned about the possibility that Somoza gangs, "supported by some of the people in Honduras," may try to provoke armed skirmishes, firing from Nicaraguan territory.

"We cannot disregard the possibility of military undertakings in the mind of more than one adviser to the present U.S. administration, tempted to repeat an improved version of the undertaking of Playa Giron (17 April 1961) in Nicaragua," cautioned the revolutionary leader, who fought against the Somoza dictatorship on the northern front (Carlos Fonseca Amador) and the southern front (Benjamin Zeledon), among other activities.

He defended the revolutionary government's right to obtain arms for its defense and said, in this connection, that it is obliged to obtain them anywhere in the world.

The JGRN coordinator stressed that it is necessary to arm the people to enable them to defend themselves against any large-scale aggression which might be launched against Nicaragua and stated that his country has very limited military means, with an air force which is almost nonexistent and a few old tanks from the Somoza regime, whereas, in contrast, the Governments of Honduras, Guatemala and El Salvador are armed to a more advanced degree.

The revolutionary leader stressed the importance of combative readiness on the part of the people as exemplified by the Sandinist Popular Militias, since "we could have the best weapons in the world, but those weapons would mean nothing if the people did not have the necessary determination."

Moreover, he rejected the accusation made by the United States that the Sandinist process is a destabilizing factor in the Central American area.

"We know," he said, "that they (the Americans) are the destabilizing factor in the area with their policy and behavior. They were such a factor when they supported Somoza and now when they are arming the Salvadoran army...when they are permitting the training of gangs (Somozi) in Miami..."

Daniel Ortega pointed out that, whereas the United States has cut off loans to Nicaragua, Western European countries and the socialist community have come to the aid of this Central American country being attacked economically.

He mentioned the donation of 20,000 tons of wheat given by the Soviet Union "which arrived just at the time when we were using up our last reserves" and added that other donations of wheat were also made by the German Democratic Republic, the People's Republic of Bulgaria, Sweden and Canada.

He expressed appreciation for the cooperation of Mexico and Venezuela, which have furnished and are continuing to furnish aid on the economic level and spoke of a loan of \$100 million made by Libya.

"Cuba's solidarity," he said, "surpasses the availability of that country, since it has given more than it could materially give to Nicaragua."

Concerning the U.S. Senate's possible ratification of the Saccio-Vazquez Carrizosa treaty whereby Washington "would grant" rights to Colombia over the Nicaraguan keys, Roncador, Serrana and Quitasueno, Daniel Ortega said that this "would be a colonialist manifestation by the United States."

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CSO: 3010/1776

FSLN URGES DISSIDENT PARTY TO DEFINE ITS POSITION

Managua BARRICADA in Spanish 23 Aug 81 pp 1, 5

[Text] The bloc of revolutionary parties has said that "it is the responsibility of those parties (those which disagree with the government) to use their judgment and come up with a proposal for a new vehicle for communication that will allow the effective completion of the common tasks involved in strengthening the revolutionary process." The delegates of the bloc issued a proclamation yesterday in which they criticize the "dissident" parties for their efforts to sabotage the Forum, and set forth their position on the future of that body.

Here is the text of the proclamation:

Right Should Take a Definitive Stand

The delegation of the Revolutionary Parties has met today, Saturday 22 August, in order to study the situation of the Forum for the Discussion of National Problems. We have always considered it our duty to present our positions publicly, so we are hereby addressing the heroic people of Nicaragua to communicate the following:

1. It is the unanimous opinion of our organizations that the parties which "disagree with the government" have tried in various ways to undermine and distort the specific objectives that lead us to participate actively in all the activities of the Forum. In communiques issued by our organizations which have been published by the different media, we have outlined all the completely unjustified elements that have contributed indirectly to undermining the Forum. That body has attempted in a healthy and creative manner to find commonalities between the forces of the Revolution and the parties that "disagree with the government," to promote the defense and consolidation of our revolutionary process and thus eliminate the traditional excuses used by those sectors to avoid participating in the tasks of National Reconstruction.

2. Immersed in their own contradictions, the organizations that make up the dissident delegation have tried in vain to hide their differences behind allegations of our delegation's lack of interest in pursuing public debate. The truth is that each of these organizations has a different view of the Forum, and they cannot reach agreement. While the spokesmen for the Constitutional Movement and the Social Democratic Party have been focusing their attention on destroying the

Forum and periodically threatening it since before the Second Anniversary of the Revolution, the other representatives of that sector have been unable to come out and justify this frequent disloyalty.

3. While we regret that the efforts made have not been completely successful, due to the persistent unpatriotic attitudes mentioned above, we feel that we have an obligation to continue trying to establish a permanent vehicle for communication that will allow us to assume our joint responsibilities in terms of the strengthening of the Revolution, one that will help guarantee the achievements made by our people to date, as well as further advances in the process. For this reason it is necessary to speak of the search for that communication. No one will be able to accuse us of inflexibility and intolerance.

4. Because we made a specific proposal at the meeting of Thursday 13 August, a proposal which was tendentiously distorted in public statements by leaders of the parties that "disagree with the government;" and because we would like to continue making an effort to achieve joint action on behalf of the Revolution and our people, we hereby declare that it is the responsibility of those parties to use their judgment and come up with a proposal for a new vehicle for communication that will allow the effective completion of the common tasks involved in strengthening the revolutionary process.

5. We would like to take this opportunity to inform all Nicaraguans that the interests of the Revolution have been well served by the rapprochement among the leftist parties that make up the forces of the Revolution. Convinced of the need to strengthen that rapprochement even further, we are carrying out a series of activities with those noble objectives, beginning with the specific premise that what our Revolution seeks is to meet the material and spiritual needs of all Nicaraguans, especially the secularly underprivileged sectors: the workers, peasants and other working sectors of our nation.

Sandinist National Liberation Front
Independent Liberal Party
Popular Social Christian Party
Nicaraguan Socialist Party
Communist Party of Nicaragua
Popular Action Movement

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CSO: 3010/1861

NUNEZ ON SUCCESS OF IPU CONFERENCE

PA262121 Managua BARRICADA in Spanish 22 Sep 81 p 12

[Text] According to commander of the revolution Carlos Nunez, State Council president, the IPU's democratic positions triumphed when the motion introduced by the United States, Canada and New Zealand to exclude the Salvadoran situation from the agenda were rejected.

Upon arriving at the Augusto Cesar Sandino airport, commander of the revolution Carlos Nunez said that there had been "a big controversy" with the reactionary delegations within the IPU. These delegates were defeated, however, by the "increasing and extraordinary force of the nonaligned and socialist countries and by the representatives of social democracy," who supported both El Salvador and the speech delivered by Fidel Castro.

Commenting on President Castro's speech, Commander Nunez indicated that it dotted the i's and crossed the t's. His speech reflected the underdeveloped countries' crisis, affected as they are by the disorders currently causing the world economy's stagnation.

Referring to the antagonistic positions taken at the 68th IPU Conference, the leader noted that the democratic countries' delegates rejected the diversionary topics that the U.S. delegation, backed by Canada and supported by New Zealand, sought to introduce. According to Nunez, New Zealand held a totally recalcitrant position.

He added that at the initiative of both Nicaragua and Panama, a resolution was introduced at the conference on human rights in El Salvador, where they have been trampled upon by the Christian Democratic junta.

The United States did not like this and, alongside other countries, sought to sabotage the IPU. A clear case of this occurred when an Australian delegate answered a question about the world's problems and described Commander Fidel Castro's masterful speech as "an insult." He also suggested that "a more decent IPU should exist."

According to Nunez, it could be said that these extreme rightist positions led to a heated debate, which created expectations similar to those at the IPU's inaugural ceremony. It was seen there that certain delegates (extreme right) sought to introduce a motion to remove the topics of El Salvador, Chile, Uruguay

and the recent nuclear bombing of Iraq from the agenda. Nigeria's position, however, crushed those delegations' maneuvers. Nigeria indicated that motions contrary to the struggle of the Salvadoran and other democratic peoples would not be accepted.

In addition, the nonaligned and socialist countries--along with Italy, France and strangely enough, Haiti--endorsed Nigeria's position on refusing any extreme positions against El Salvador. Commander Nunez added that he expects the resolutions on El Salvador and the condemnation of South Africa for its attacks on Angola to be ready at the last working session (on Wednesday).

After this conference, everything will be different, Nunez asserted in conclusion.

CSO: 3010/13

RIGHTS LEADER CALLS PANAMA CONFERENCE 'FARCE'

PA251627 Panama City LA PRENSA in Spanish 24 Sep 81 p 4C

[Article by Jose Montano]

[Text] While President Aristides Royo was heatedly defending the Panamanian authorities' position on human rights, Otilia Arosemena de Tejeira, president of the Panamanian Human Rights Commission, yesterday accused the government of conducting a "tremendous farce" by sponsoring an international conference on human rights here.

The president of the Panamanian Human Rights Commission, after saying that this was an inter-governmental conference, said that she represents citizens "who defend human rights from the only one who has any power over them, the state, which has often misused this power."

Arosemena de Tejeira mentioned a study made by the OAS Human Rights Commission which she said, "Proved to everyone's satisfaction that the Panamanian Government is responsible for the disappearance, murder and unjustified imprisonment of people."

She said that the commission that she heads is linked to Amnesty International. She regretted that "people of good will who do not know what is going on," have been brought here to participate in the international conference of human rights.

Meanwhile, President Aristides Royo yesterday attended the conference which opened here on Monday. He said that "Panamanians are aware of the significance of holding this conference here in one of the few places in the so-called New World where human rights are not violated, nor is there disruption of domestic peace through repression."

Royo said that "the armed forces should no longer serve for social discontent and oppression, nor to defend backward and unjust structures and privileges."

The president asserted that "the Panamanian revolutionary process respects human rights and has opened the doors for the first time to an authentic democratization."

The International Conference on Human Rights and Peace, sponsored by the Panamanian Government and the Latin American Association of Human Rights supported by the Ecuadorean Government, adjourned here last night.

CSO: 3010/13

BRIEFS

HUMAN RIGHTS CONFERENCE BELITTLED--The "Conference on Human Rights and Peace," sponsored jointly by the Panamanian Government and other organizations, is now being held in Panama. According to the organizers, the agenda "includes the analysis of the increasing arms race throughout the world and its effects on human rights." The Revolutionary Democratic Party [PRD] is representing Panama at the conference. If it were not because the matter is so serious and tragic it could even be called black humor. To begin with, the PRD is the political, or should we rather say, the bureaucratic, arm of a government born of a coup, and kept in power by the national guard, which is armed to the teeth. The guard's upkeep is far beyond the country's needs and resources. As far as human rights are concerned, the government's record could not be worse. The memory of fellow-citizens murdered, tortured, and exiled by the process--whose main political expression is the PRD--is still fresh in the minds of Panamanians. This process has created a system which excludes the people's direct election of their rulers and representatives. Undoubtedly no one is going to take this meeting seriously, because it is merely the geopolitical instrument of the imperialist superpower which is footing the bill. [Text] [PA221754 Panama City LA PRENSA in Spanish 22 Sep 81 p 1]

VENTURES, STATE OF DISARRAY VIEWED--With terrifying regularity, international dispatches carry reports which implicate Panama in the supply of weapons to the guerrilla groups subverting public order in countries with which ours maintains apparently normal diplomatic relations. With equal frequency, the Panamanian Government has become the generous host of strange international meetings in which "liberation movements" of obscure political significance but extremely clear subversive persuasion are encouraged. As if this were not enough, with the Panamanian Government's knowledge and consent, Panamanian citizens participated in the Nicaraguan civil war and have already announced that they harbor similar intentions in El Salvador. Five Panamanian students are currently in Colombian jails, sentenced because they were members of an invading M-19 [19 April Movement] contingent. The M-19 is a subversive organization, which used Panamanian territory to prepare this invasion. Barely 2 days ago, M-19 leader Jaime Batteman sent a message to the FEP [Federation of Panamanian Students] Congress, thus compromising this student organization and even the president of the republic, since the message was read in his presence. In Guajira, the Colombian army has seized an arsenal sent in from Panama. These very serious developments, which have been denounced both here and abroad, have not deserved even the most superficial investigation. Intent as it is on saving its battered image, the Public Ministry doesn't have the will, or even the authority, to take charge of these matters. The legislature

exercises no control over the executive branch; nobody has any control over the national guard and the latter lacks the necessary coherence and determination for its commander to put an end to the dangerous ventures begun by his predecessor. [Text] [PA271847 Panama City LA PRENSA in Spanish 27 Sep 81 p 1]

CANAL COMMISSION SEEKS BUDGET INCREASE--The canal commission's board of directors will propose to the U.S. Congress an increase in the Panama Canal budget for the next fiscal year which begins 1 October. The canal commission's board of directors is asking for \$560 million. Sources in the canal administration said that this will be sufficient to cover the cost of improvements, maintenance and administration of the canal. It also includes the yearly payment which the United States makes to Panama for the use of the canal. Meanwhile, Canal administrator Fernando Manfredo, is making a tour of South American countries to solicit opinions on a possible increase in canal tolls. During a visit to Lima, Fernando Manfredo announced that the canal will increase its tolls next year. Manfredo said the decision is based on rising costs and inflation. Manfredo also said that the canal will lose \$30 million in income next year with the inauguration of the transisthmian oil pipeline. He added that the tolls have not been increased since 1979, when they were raised 29.3 percent. He said that trying to forecast the amount of the new increase would be adventuresome. Manfredo concluded by saying that this plan is aimed at increasing the transit capacity from 37 to 42 ships per day. He said that the income from toll increase will be used to finance the expansion. [Text] [PA261613 Panama City Televisora Nacional in Spanish 2245 GMT 25 Sep 81]

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